

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>District Court Funds of District No. 16 City of Livonia,</u> <u>Michigan</u>	County Wayne
Audit Date November 30, 2004	Opinion Date January 20, 2005	Date Accountant Report Submitted To State: April 11, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 27400 Northwestern Hwy.	City Southfield	State MI	ZIP 48034
Accountant Signature <i>Plante & Moran, PLLC</i>			

District Court Funds of District No. 16 City of Livonia, Michigan

**Financial Report
with Supplemental Information
November 30, 2004**

District Court Funds of District No. 16

City of Livonia, Michigan

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Independent Auditor's Report

District Judges of the 16th District Court
Honorable Kathleen McCann and
Honorable Robert Brzezinski
Livonia, Michigan

We have audited the financial statements of the District Court Funds of District No. 16, City of Livonia, Michigan as of November 30, 2004. These financial statements are the responsibility of the Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District Court Funds of District No. 16, City of Livonia, Michigan at November 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the District Court Funds of District No. 16, City of Livonia's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

January 20, 2005

District Court Funds of District No. 16

City of Livonia, Michigan

Statement of Net Assets Fiduciary Funds November 30, 2004

	Agency Funds		
	Depository Account	Bond Account	Total
Assets			
Cash and cash equivalents (Note 2)	\$ 448,969	\$ 329,255	\$ 778,224
Due from bond account	<u>1,521</u>	<u>-</u>	<u>1,521</u>
Total assets	<u>\$ 450,490</u>	<u>\$ 329,255</u>	<u>\$ 779,745</u>
Liabilities			
Due to:			
Depository account	\$ -	\$ 1,521	\$ 1,521
City of Livonia	313,792	7,622	321,414
State of Michigan	129,715	-	129,715
Wayne County	6,983	-	6,983
Bond deposits, voluntary work program, and other	<u>-</u>	<u>320,112</u>	<u>320,112</u>
Total liabilities	<u>\$ 450,490</u>	<u>\$ 329,255</u>	<u>\$ 779,745</u>

District Court Funds of District No. 16

City of Livonia, Michigan

Notes to Financial Statements
November 30, 2004

Note 1 - Significant Accounting Policies

The accounting policies of the District Court Funds of District No. 16, City of Livonia, Michigan (the "District Court") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District Court is governed by two elected judges. There are no component units.

The following is a summary of the significant accounting policies used by the District Court Funds of District No. 16:

The funds of the District Court are Agency Funds. The financial activities of the funds are limited to collections of amounts that are subsequently returned or paid to third parties. The Agency Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District Court is responsible for traffic and moving violations, certain civil matters, and misdemeanors within the city limits.

Note 2 - Cash and Cash Equivalents

The District Court is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. The cash and investments of the District Court are classified by Governmental Accounting Standards Board Statement Number 3 as deposits in financial institutions (checking accounts, savings accounts, and money market accounts). The District Court deposits of \$778,224 were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$745,455. Of that amount, up to \$236,498 is covered by federal depository insurance and the remainder would be uninsured and uncollateralized. The District Court has designated three banks for the deposit of its funds.

The District Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the District Court evaluates each financial institution with which it deposits District Court funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

District Court Funds of District No. 16

City of Livonia, Michigan

Notes to Financial Statements
November 30, 2004

Note 3 - Court Operations

The costs relating to the operation of the District Court (including risk management) are a budgeted item of the City of Livonia, Michigan General Fund and, accordingly, such costs are paid by the General Fund.

The District Court is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees.

General Liability - The District Court participates in the Michigan Municipal Risk Management Authority for claims relating to general and auto liability, auto physical damage, and property loss claims.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City of Livonia. In addition to the losses retained, the City of Livonia is responsible for certain defense costs.

Workers' Compensation - The District Court employees are covered under the City of Livonia's self-insured workers' compensation program. The workers assigned to the Court Voluntary Work Program in lieu of jail are not covered. However, the District Court does have a policy that covers up to the first \$1,000 per occurrence and the City of Livonia's self-insured plan covers claims in excess of \$1,000 for the workers assigned to the Court Voluntary Work Program.

Medical Claims - The City of Livonia has purchased commercial insurance for medical benefits for the District Court employees. The District Court participates in this plan in the same manner as the City of Livonia employees.

Other Supplemental Information

District Court Funds of District No. 16

City of Livonia, Michigan

Other Supplemental Information

Schedules of Cash Receipts and Disbursements

Year Ended November 30, 2004

	Depository Account	Bond Account
Cash and Cash Equivalents - December 1, 2003	\$ 370,302	\$ 325,518
Receipts		
Fines and fees collected	5,652,971	-
Bond receipts	-	1,059,205
Wayne County penal fines	116,842	-
Work program	-	198,087
Garnishments	-	1,139
Restitution, judgments, and other	3,889	98,708
Interest income	6,999	2,866
Total receipts	5,780,701	1,360,005
Disbursements		
Transfers:		
City of Livonia	3,671,104	-
Court Building Fund - City of Livonia	242,733	-
State of Michigan	1,639,658	-
Wayne County	115,673	-
Bond transfers and refunds	-	937,572
Bond forfeitures	-	124,413
Work program	-	181,071
Garnishments	-	1,139
Restitution, judgments, and other	32,866	112,073
Total disbursements	5,702,034	1,356,268
Cash and Cash Equivalents - November 30, 2004	<u>\$ 448,969</u>	<u>\$ 329,255</u>